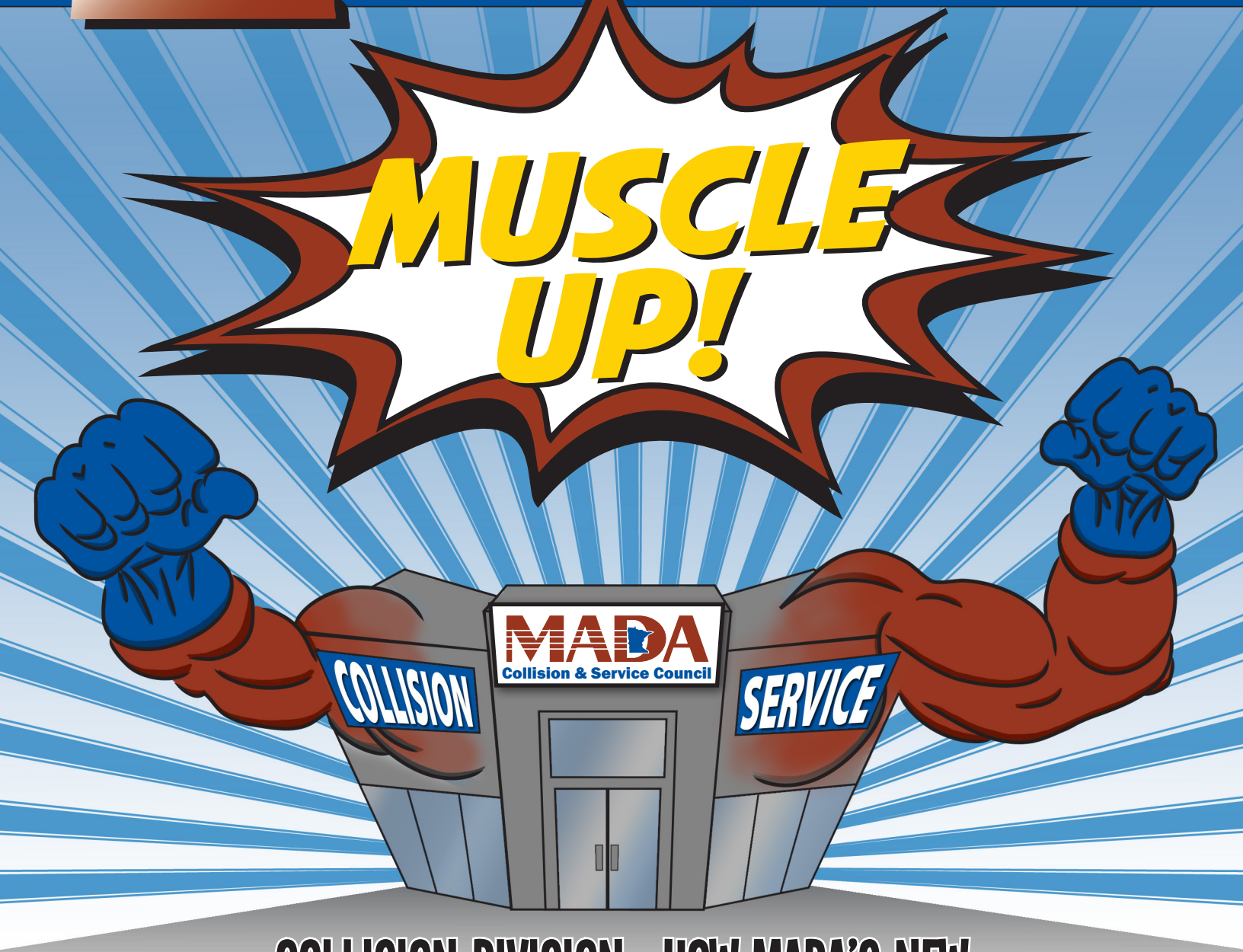
Minnesota Dealer Outlook

A Minnesota Automobile Dealers Association Publication

Inside this issue:

Dealership Showcase
Village Chevrolet



COLLISION DIVISION: HOW MADA'S NEW COLLISION AND SERVICE COUNCIL IS FIGHTING BACK

Winter 2013 www.mada.org Volume 9 • Issue 2

MADA
Minnesota Automobile Dealers Association

Minnesota Dealer Outlook

An Official Publication of the Minnesota Automobile Dealers Association

MADA
Minnesota Automobile Dealers Association

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Minnesota Dealer Outlook is an official Minnesota Auto Dealer Association publication, provided Quarterly to Members of the Minnesota Automobile Dealers Association.

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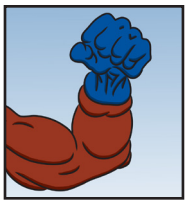
IN THIS ISSUE



8
Cover:
Muscle Up!
Collision Division: How MADA's new Collision and Service Council is Fighting Back

33
Dealership Showcase:
Village Chevrolet

Table of Contents

On the Cover:

There's a great story behind this picture of MADA's ***Scott Lambert*** *with a broken headlight. But only new members to MADA's Collision & Service Council will find out what it is. Join MADA's industry-led effort to fight back for Collision and Service shops.*

Data Source Information for Minnesota Auto Outlook on pages 19 - 32

Exclusive source for new vehicle registration data presented in Minnesota Auto Outlook is AutoCount, an Experian Company. AutoCount specializes in providing detailed new and used vehicle sales and registration statistics. Data is available on a timely basis on the internet.

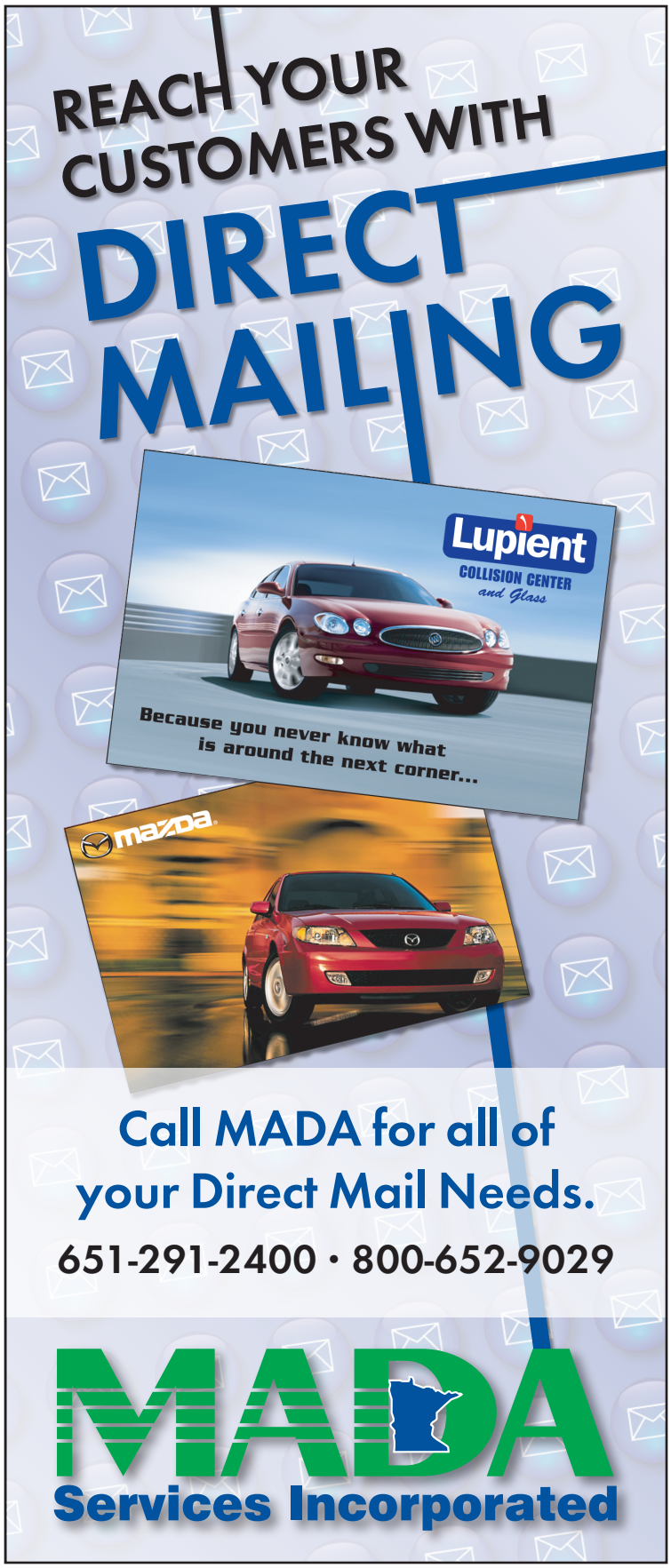
For more information on Auto Count, call 407-770-5900 or visit AutoCount's web site: www.autocount.com

Advertising Directory

2012 Annual Meeting

The sold-out 2012 MADA Annual Meeting hosted a record 350 members at the Hilton in Downtown Minneapolis. Outgoing President Paul Walser announced the new car and truck industry in Minnesota was up 18% over the previous year and he congratulated the Association for its achievements during the past year.


MADA
Minnesota Automobile Dealers Association
Welcome
2012 Annual Meeting
& Luncheon



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- Springer Collections

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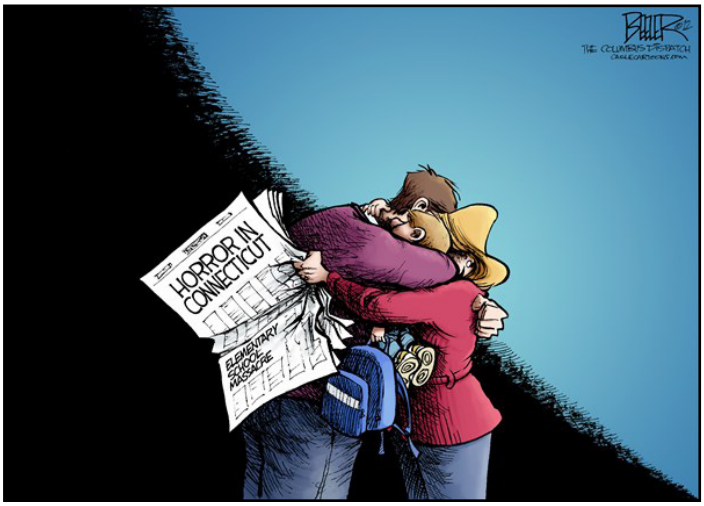

MUSCLE UP!

RECOGNIZE THESE PEOPLE

- Has owned his independent auto repair service for over 30 years, one mile from your house.
- Provides ongoing training for all technicians.
- Sponsors your daughter's hockey team.
- When you dropped your car off, he drove you to work and picked you up when it was ready.
- Saved you over $300.00 on your last repair by independent part sourcing.
- Played high school football with your son.

YOUR NEIGHBORH
AUTO RE
PR

Why drive all the way bac
dealer for service and repa
NEIGHBORHOOD AUTO
PRO is close to home or
virtually all the expertise
for any service or repair
for less. If you want to k
truck or van longer, GE
the people whose job
maintain the old one
new one.

Your NEIGHBORHOOD AUT
REPAIR PRO is a member o

COLLISION DIVISION: HOW MADA'S NEW COLLISION AND SERVICE COUNCIL IS FIGHTING BACK

"I was chatting with friends, and realized I was the only one on the block still going to the dealer for service. Hello?!" says an incredulous female voice.

In another instance a woman says, ***"Do what I did. Get a repair estimate from the dealer and take it to your neighborhood auto repair pro. That was a nice surprise."***

Both of these quotes were from radio commercials playing throughout Minnesota. It was part of an aggressive print and broadcast campaign designed and funded by the Minnesota Chapter of the Alliance of Automotive Service Providers, AASP-MN [see insert] The purpose was to belittle the service provided by the collision and service shops located within franchised new car dealerships.

The revelation of their anti-dealer ad campaign capped off what had already been a difficult year with the group representing independent repair

MADA
Collision & Service Council

shops. MADA squared off against AASP-MN in 2012 over their attempt to re-write the Minnesota's damage disclosure laws.

"As you know, MADA never stops advocating for our members. This issue was no different," said MADA's Vice President of External Affairs, Alyssa Schlander. "MADA's political positions at the Capitol have not always been complimentary to the AASP on issues such as damage disclosure laws."

Ultimately, MADA lobbyists prevailed and the final bill contained only the agreed-to redefinition of the role of airbags in calculating damage. But the legislative dispute was one more warning sign that the established pattern of cooperation between independent repair facilities and franchised dealerships was coming to an end.

In Massachusetts, dealers and factories joined forces to fight a pitched political battle against the independent repair shops over the Right to Repair issue. The issue was placed on the November ballot and gained public approval. Court action is now beginning and this litigation is expected to be long and expensive.

"With their anti-dealership advertising and lobbying, several leaders in the dealership repair industry decided they'd seen enough," stated MADA Executive Vice President Scott Lambert. "They came to us and asked for a new home they could call their own within MADA."

The result was the creation of the MADA Collision & Service Council. The new Council will offer a place for people working for a franchised new car and truck dealership to find common ground on issues, training, marketing and consumer education.

"Franchised dealers need to find some separation from the independent shops," stated an MADA Board member, "It's in our best interests."

Indeed, data from NADA reaffirms the move by franchised dealers across the country to remove themselves from the cloud of independent shops.

Nationally in 2011, service, parts and body shop sales reached $80 billion, up from $73 billion a decade earlier. Extended hours have been adopted by 88% of dealers to compete with independents. In fact, the average dealership service department is open 56 hours a week. As the fleet age has increased, dealers are poised to take advantage of maintenance issues.

Meanwhile, the trends for collision shops are also showing some interesting movement. Body shop sales have been trending down for the past 7-8 years as a lot of dealers got out of that portion of the business in the 1980s when environmental regulations and other costs became more than they could bear. However, in the last three years, body shop sales have leveled off and the number of dealers with dedicated body shops has increased from 33% to 37% nationally.

In Minnesota, a groundbreaking provision was included into the Minneapolis and St. Paul union contracts a few years ago, allowing dealers to set up light duty work within their shops so they can compete with the quick lube and tire jockeys.

Minnesota dealers are ready to take back their business. But rather than run down the competition as AASP-MN chose to do, dealers have a good story to tell to their customers. Professionally trained and certified mechanics, easy access to factory parts, the ability to provide warranty work and customer friendly marketing will give the dealers the edge.

After announcement of the new Collision and Service Council, MADA saw dozens of dealership personnel join immediately. Clearly, a need has been tapped.

"We're in this for the long haul," stated MADA Executive Vice President Scott Lambert. "Advocating for the dealers is what we do best, and I know the dealership professionals in the service and body ends of the business will see a lot of value to this new Council in the coming months and years."

"The MADA Collision & Service Council will be poised to help dealers reclaim this important part of their business," concluded Lambert.

LEGISLATIVE NEWS

2013 Session Preview

The 2013 legislative session, which begins on Tuesday, Jan. 8th, will have a very different make up and feel than the 2012 session which ended last May. To begin, the elections in November brought massive change to the state legislature. The Republican majorities, won in 2010 in both the House and Senate, were swept away. Last session, Republicans held a 72-62 majority in the House of Representatives and a 37-30 majority in the Senate. 2013 will begin with a 73-61 DFL lead in the House and a 39-28 DFL majority in the Senate. This session marks the first time in 22 years, since 1990, when one party (in that case also the DFL) controlled the Governorship and both legislative bodies.

In addition to this electoral change, we begin the 2013 legislative session with a projected $1.1 billion deficit. By law, the state must find a way to balance the budget by cutting spending or raising revenue. The legislature must now work to balance this budget deficit despite several interest groups advocating for increases to the budget in areas such as transportation, education, and health care, and competing for new money. Additionally, other interest groups --especially those advocating for marriage equality, election reform and an overhaul of the tax system-- are expected to be extremely vocal at the Capitol.

New DFL majorities also bring new agendas to both policy and finance arenas. In particular, the new House and Senate Transportation Finance Committees will both be chaired by Minneapolis legislators, Rep. Frank Hornstein and Sen. Scott Dibble. MADA expects a good deal of the policy considered by these committees to be based upon the recommendations of the Governor's Transportation Finance Advisory Committee (TFAC). The 19-member committee was tasked with developing recommendations to fund Minnesota's transportation infrastructure over the next 20 years. According to the report of the committee, which was released last month, there are several revenue-raising options which would affect our industry.

These include:

- Increase the motor vehicle registration fees to raise fee revenue by 10 percent.
- Add $0.005 to the existing $0.0025 cent sales tax for transit in the Twin Cities metropolitan area (five counties).
- Expand the option of a wheelage tax in 80 counties in Greater Minnesota and raise the cap limit for all 87 counties – currently, only 5 metro-area counties impose a wheelage tax which is capped at $5 per year.
- Enable local option sales taxes for transportation projects in 80 counties without the need for a referendum.
- Enable the local option for the formation of Transportation Improvement Districts.

by Alyssa Schlander
Vice President, External Affairs

and Jacob Millner
Government Affairs Associate

Since Minnesota car buyers already pay more in taxes and fees than car buyers in the surrounding four states, MADA will oppose some of the TFAC-recommended tax increases. The proposed increase to the Twin Cities metro area sales tax and the creation of "Transportation Improvement Districts," which would allow local governments to impose unfair taxes on retail businesses, would put dealers at a competitive disadvantage. The Legislature is expected to produce a Transportation Finance bill in the 2013 session and many of the TFAC recommendations will be part of that debate.

As part of the upcoming legislative debate about taxes and fees on motor vehicles, MADA will pursue the elimination of the Title Transfer Fee which is imposed on each dealer reassignment of an existing Minnesota title. The elimination of the fee would achieve some regulatory streamlining for dealerships.

In addition to work in the transportation finance area, MADA expects to be involved in legislative debate on a number of policy areas ranging from consumer protection, environmental regulation, expansion of the sales tax to services, and dealer licensing issues.

It is impossible to predict how exactly the 2013 legislative session will unfold with the new majorities in place. As always, MADA will work with members of both parties in both the House and Senate to express our industry's concerns over these proposals.

Please make sure to visit us at www.mada.org and click on the NEWS tab to subscribe to our Legislative Bulletins emailed to you weekly during the Legislative Session.

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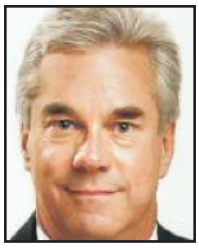
INDUSTRY NEWS

by Paul Brand
Columnist/Auto
Minneapolis Tribune



Extended Warranties: Value is a matter of personal choice

Q ***I would like to comment on your recent column on whether it is worthwhile to buy an extended warranty for a car. Extended warranties are provided by companies that need to earn a profit. In order to do this, they have to collect more money from their customers than they pay out. It is possible for a car owner to benefit from buying an extended warranty, but most people pay out more than they get back. Otherwise, the company providing the warranty won't stay in business. When I buy a car, computer or home appliance, I always decline the extended warranty. If something breaks after the warranty period, I pay for the repair with money I've saved by not buying any extended warranties, and I come out ahead. With regard to deductibles, I used to pay for low deductibles on car and house insurance. After a while I realized this was not the best option and I switched to higher deductibles. If I have to make an insurance claim, I will pay the higher deductible with money I save on insurance premiums, and I come out ahead. The same principle applies to the deductible on an extended warranty, which is another form of insurance.***

A I received a number of letters on my column regarding my change in position on extended warranties and service contracts. It described how now, after nearly 30 years as a "car guy," I believe in the value of purchasing an extended warranty or service contract on a new or late-model vehicle that you're going to keep for long beyond the original manufacturer's warranty expires.

I agree with the above car owner in terms of extended warranties and service contracts on appliances, home electronics and other relatively low-cost purchases. But with modern vehicles costing hundreds, even thousands of dollars to repair, I disagree.

I certainly respect the position but want to point out that, while liability coverage, and in some states personal injury protection, is mandated by law, insurance for your own vehicle is not. Thus, choosing collision and comprehensive coverage is very much akin to purchasing an extended warranty or service contract.

I choose to carry collision and comprehensive coverage on my newer vehicles. With repair and replacement costs potentially in the tens of thousands of dollars, I can't see operating them with no coverage for a loss from a crash, fire, theft or vandalism.

Ditto health insurance. It's difficult to imagine the consequences of having no coverage for a significant health issue.

I feel the same way about potential mechanical and electronic failures. Labor and replacement parts for major repairs can easily run into the hundreds or thousands of dollars. Most of us worry about engine or transmission failures as a major expense, but systems such as climate control, electronic steering, anti-lock braking system and traction control, and other sophisticated systems can cost just as much to repair or replace.

The question of deductibles is valid. I, too, carry high deductibles for collision and comprehensive coverage (and health insurance) for the basic reason that I don't expect to make claims very often. But I recognize that repairs from mechanical and electronic failures, and wear and tear over the 10-plus years I keep my vehicles, are virtually inevitable. Thus, I want to continue protection for the time/mileage frame beyond the original carmaker's warranty.

I prefer zero or very low deductibles for extended warranties and service contracts because unlike collision or comprehensive claims, which tend to deal with a single large-loss event, mechanical and electronic breakages, failures or problems can occur a number of times, particularly later in a vehicle's service life -- precisely the time and mileage framework covered by these warranties and contracts. I'd rather not have to pay $50 or $100 every time I take the vehicle in for even a minor problem.

As always, life is a matter of choices. In this case, you pay your money or you take your chances. There's no right or wrong answer. It's what you're comfortable with.

Reprinted with Permission: Minneapolis Star Tribune, November 2, 2012

good news good news good news good news good news good news good news

Dealers Are Good Neighbors

Luther Brookdale Chevrolet sponsored the ***Brooklyn Center Soccer League***, a second year partnership with the city. Participating in athletic programs has proven to be a very effective way to positively modify kids' behaviors with activities and decrease juvenile incidents. ***Luther Automotive*** is also helping to sponsor a new project to transform an underutilized softball field into four permanent soccer fields in this same area.

Dodge of Burnsville raised $4,040 for the ***Burnsville High School*** boys soccer program. Dodge contributed $20 to the program for each participant who test drove a new Dodge.

Hibbing Chrysler Center hosted a similar fundraiser for the ***Nashwauk-Keewatin High School***.

The ***Ford Drive 4 UR Community*** program and ***Zumbrota Ford*** helped raise funding for the ***Rotary Club of Zumbrota***. ***Zumbrota Ford*** also donated $3,220 to the ***Pine Island Academics, Arts, and Athletics Foundation*** through ***Ford's Drive 4 UR School*** program. The ***Drive One 4UR School*** raised $5880 for the ***Zumbrota-Mazeppa Education Foundation***.

Madelia Ford held a fundraiser to benefit the ***Madelia Baseball/Softball Association***. For each person who attended the ***"Go Further with Ford Night,"*** Madelia Ford donated $10 to the Association.

On October 6th, ***New Brighton Ford (NBF)*** hosted its third ***DriveOne4URSchool*** at its dealership for ***Irondale High School***. NBF and Irondale High School set a goal to raise $6,000 for 14 school activity groups: Girls Hockey, Boys Hockey, Fastpitch, Girls Swim, Wrestling, Dance, Cross Country Running, Drama, Baseball, Volleyball, Boys/Girls Track, Girls Basketball, Boys Soccer and Nordic Skiing. This large event which drew nearly 200 test drives was able to raise nearly $4,000. Since 2011, New Brighton Ford has donated nearly $10,000 to the ***Booster Clubs of Irondale High School***.

The ***St. James Ambulance Service*** and the ***Ormsby Fire and Rescue Department*** were presented with emergency rescue equipment from ***Mel Carlson Chevrolet, Inc.***, ***Truman*** and the ***Minnesota Auto Dealers Association Charitable Foundation***.

The ***Hermantown Area Chamber of Commerce*** and ***Kolar Chevrolet Buick GMC*** hosted a holiday party and fundraiser at the new Kolar dealership. Toys were collected for the ***Toys for Tots*** program. Cash donations were given to ***Second Harvest Northern Lakes Food Bank*** to be distributed to the food shelves in the area.

good news good news good news good news good news good news good news

In honor of those individuals who ***"Build America, Move America, Keep America Running and Protect America,"*** ***Nuss Truck and Equipment*** hosted an appreciation day to honor truck drivers, heavy equipment operators, diesel technicians and U.S. military personnel. Over $4,000 in monetary donations were collected on behalf of the ***Salvation Army*** and toy donations for the ***Trucks & Toys*** program sponsored by the ***Minnesota Trucking Association***.

Kemna-Asa Auto Plaza in Jackson has completed their annual promotion which they call ***"Countdown to 100"*** toward their goal of making 100 vehicle during the last 100 days of 2012. For each deal, they will contribute a percentage of the proceeds to local charities such as the food shelf, scouting programs, churches, and the ***Jackson United Fund***. The customers will have a vote in how these charities are selected. Last year over $4,000 was given to the local groups.

Employees at ***Polar Chevrolet Mazda*** donated proceeds from a chili cook off to the ***White Bear Lake Area Emergency Food Shelf***. Mascot Pauly Bear presented the check to Ann Searles, food shelf director.

The ***Northwoods Habitat for Humanity*** was presented with a new Toyota Tundra through ***Toyota's "100 Cars for Good"*** campaign. The Northwoods Chapter serves Beltrami and Clearwater counties. The 1978 Ford conversion van that the organization has been using was described as "road-weary" and the new vehicle was greatly appreciated. Northwoods Habitat for Humanity was one of 3,000 initial applicants and one of 500 finalists. The nonprofit that received the most votes on a chosen day was awarded the Toyota.

Send YOUR good news to Sandy at brom@mada.org

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MINNESOTA AUTO OUTLOOK

Comprehensive Information on the Minnesota Automotive Market

FORECAST

Minnesota New Vehicle Market Up Sharply in 2012

Smaller gain predicted for 2013

The Minnesota new vehicle market hit the accelerator in 2012, with new vehicle registrations increasing 31.1% during the first 10 months of 2012 versus the same period a year earlier. Auto Outlook expects the market to improve 26% for all of this year, and increase by a smaller 5% in 2013. There are three primary reasons why we are expecting the pace of the recovery to ease in 2013:

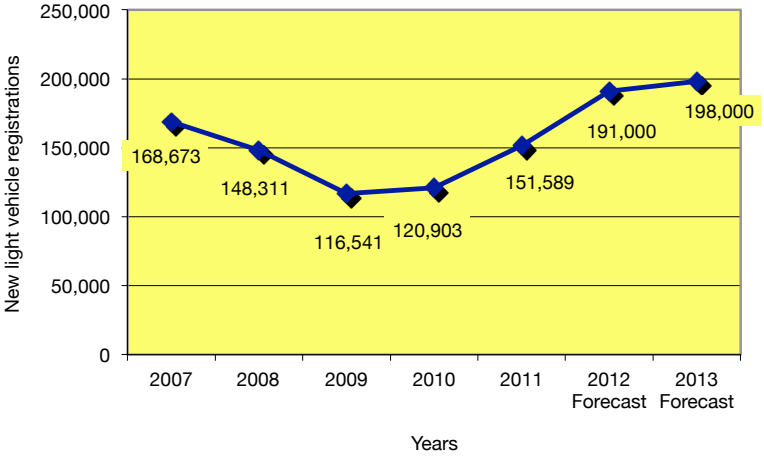
1. Sluggish economic growth. The European financial crisis, economically restrictive Federal Government fiscal policy, and the slowly recovering labor market are expected to limit GDP growth next year. Clearly, the economic outlook will deteriorate if the Federal Government fails to reach a budget compromise, resulting in mandatory tax increases and spending cuts.

2. Household debt levels are still high. Although household balance sheets have been on the mend for the past several years, the de-leveraging process is far from over. Household assets need to grow and liabilities need to shrink before any significant and sustained credit expansion can fuel retail spending.

3. Pent up demand will ease somewhat. The release of pent up demand (vehicle purchases that were postponed due to the recession) has been the primary stimulant for new vehicle sales during the past three years. And it should continue to give the market a boost for the foreseeable future. But there's a limit to how high new vehicle sales can go with sluggish economic growth.

Bottom line: The new vehicle sales recovery is expected to continue for the next several years, but the pace of the rebound should ease.

Annual Trend in Minnesota New Vehicle Market



Market Review

	YTD '11 thru Oct.	YTD '12 thru Oct.	% ch. '11 to '12
TOTAL	128,385	168,372	31.1%
Car	55,362	72,420	30.8%
Light Truck	73,023	95,952	31.4%
Detroit Three	67,086	86,741	29.3%
European	8,786	12,497	42.2%
Japanese	41,764	54,507	30.5%
Korean	10,749	14,627	36.1%

Detroit Three consists of vehicles sold by GM, Ford, and Chrysler.

Data Source: AutoCount data from Experian Automotive.

Brand Registrations Report
Minnesota New Retail Car and Light Truck Registrations

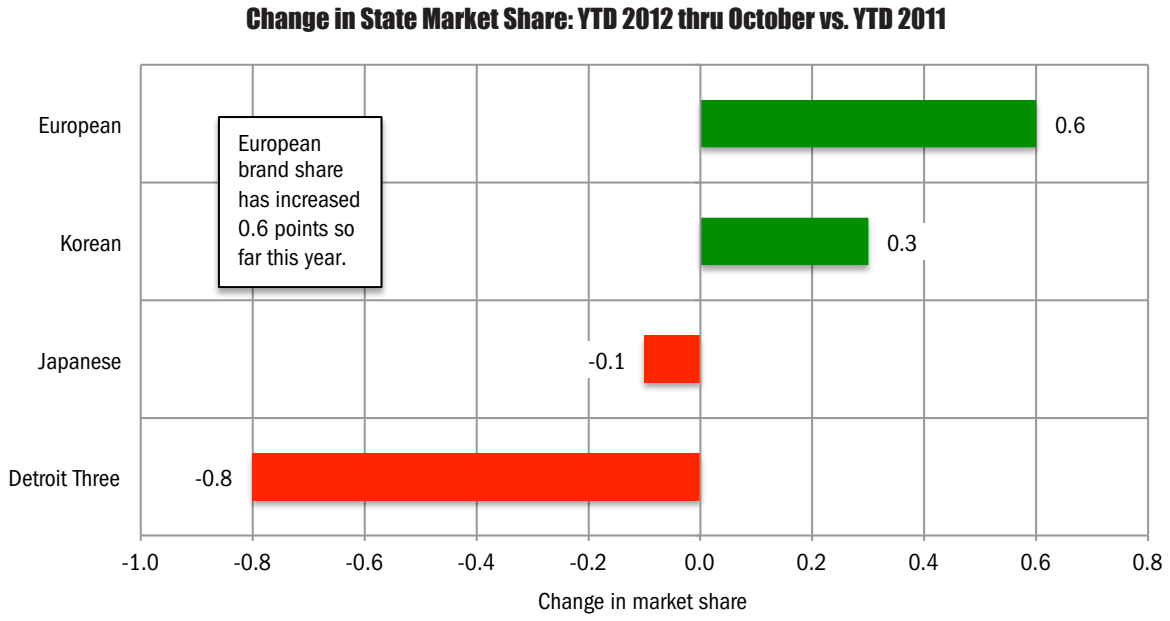
	Most recent three months (August thru October)						Year To Date thru October					
	Registrations			Market Share (%)			Registrations			Market Share (%)		
	2011	2012	% change	2011	2012	Change	YTD 2011	YTD 2012	% change	YTD 2011	YTD 2012	Change
TOTAL	41,650	43,892	5.4				128,385	168,372	31.1			
Cars	17,994	19,583	8.8	43.2	44.6	1.4	55,362	72,420	30.8	43.1	43.0	-0.1
Light Trucks	23,656	24,309	2.8	56.8	55.4	-1.4	73,023	95,952	31.4	56.9	57.0	0.1
Domestic Brands	21,734	20,647	-5.0	52.2	47.0	-5.2	67,086	86,741	29.3	52.3	51.5	-0.8
European Brands	3,249	3,442	5.9	7.8	7.8	0.0	8,786	12,497	42.2	6.8	7.4	0.6
Japanese Brands	12,818	16,115	25.7	30.8	36.7	5.9	41,764	54,507	30.5	32.5	32.4	-0.1
Korean Brands	3,849	3,688	-4.2	9.2	8.4	-0.8	10,749	14,627	36.1	8.4	8.7	0.3
Acura	279	416	49.1	0.7	0.9	0.2	871	1,163	33.5	0.7	0.7	0.0
Audi	391	345	-11.8	0.9	0.8	-0.1	1,008	1,211	20.1	0.8	0.7	-0.1
BMW	642	566	-11.8	1.5	1.3	-0.2	1,756	2,146	22.2	1.4	1.3	-0.1
Buick	894	857	-4.1	2.1	2.0	-0.1	2,895	3,253	12.4	2.3	1.9	-0.4
Cadillac	282	320	13.5	0.7	0.7	0.0	1,027	1,132	10.2	0.8	0.7	-0.1
Chevrolet	7,067	6,047	-14.4	17.0	13.8	-3.2	22,909	26,805	17.0	17.8	15.9	-1.9
Chrysler	1,143	1,005	-12.1	2.7	2.3	-0.4	2,984	4,325	44.9	2.3	2.6	0.3
Dodge	1,257	1,263	0.5	3.0	2.9	-0.1	3,407	4,815	41.3	2.7	2.9	0.2
Fiat	37	88	137.8	0.1	0.2	0.1	44	284	545.5	0.0	0.2	0.2
Ford	7,413	7,163	-3.4	17.8	16.3	-1.5	21,918	29,927	36.5	17.1	17.8	0.7
GMC	1,431	1,469	2.7	3.4	3.3	-0.1	5,093	6,279	23.3	4.0	3.7	-0.3
Honda	3,276	4,168	27.2	7.9	9.5	1.6	11,353	13,597	19.8	8.8	8.1	-0.7
Hyundai	1,670	1,722	3.1	4.0	3.9	-0.1	5,081	6,788	33.6	4.0	4.0	0.0
Infiniti	203	214	5.4	0.5	0.5	0.0	675	831	23.1	0.5	0.5	0.0
Jaguar	12	16	33.3	0.0	0.0	0.0	41	46	12.2	0.0	0.0	0.0
Jeep	1,144	1,296	13.3	2.7	3.0	0.3	3,001	5,340	77.9	2.3	3.2	0.9
Kia	2,179	1,966	-9.8	5.2	4.5	-0.7	5,668	7,839	38.3	4.4	4.7	0.3
Land Rover	61	72	18.0	0.1	0.2	0.1	206	313	51.9	0.2	0.2	0.0
Lexus	380	608	60.0	0.9	1.4	0.5	1,494	1,694	13.4	1.2	1.0	-0.2
Lincoln	249	288	15.7	0.6	0.7	0.1	837	1,033	23.4	0.7	0.6	-0.1
Mazda	961	1,014	5.5	2.3	2.3	0.0	2,547	3,209	26.0	2.0	1.9	-0.1
Mercedes	474	464	-2.1	1.1	1.1	0.0	1,129	1,662	47.2	0.9	1.0	0.1
MINI	141	151	7.1	0.3	0.3	0.0	437	610	39.6	0.3	0.4	0.1
Mitsubishi	171	114	-33.3	0.4	0.3	-0.1	489	557	13.9	0.4	0.3	-0.1
Nissan	2,178	2,138	-1.8	5.2	4.9	-0.3	6,482	8,038	24.0	5.0	4.8	-0.2
Porsche	39	49	25.6	0.1	0.1	0.0	105	149	41.9	0.1	0.1	0.0
Ram	852	939	10.2	2.0	2.1	0.1	2,727	3,831	40.5	2.1	2.3	0.2
smart	2	2	0.0	0.0	0.0	0.0	18	13	-27.8	0.0	0.0	0.0
Subaru	1,117	1,417	26.9	2.7	3.2	0.5	3,898	5,756	47.7	3.0	3.4	0.4
Suzuki	57	59	3.5	0.1	0.1	0.0	175	254	45.1	0.1	0.2	0.1
Toyota/Scion	4,196	5,967	42.2	10.1	13.6	3.5	13,780	19,408	40.8	10.7	11.5	0.8
Volkswagen	1,178	1,484	26.0	2.8	3.4	0.6	3,306	5,226	58.1	2.6	3.1	0.5
Volvo	239	188	-21.3	0.6	0.4	-0.2	614	737	20.0	0.5	0.4	-0.1
Other	35	17	-51.4	0.1	0.0	-0.1	410	101	-75.4	0.3	0.1	-0.2

Source: AutoCount data from Experian Automotive

Top ten ranked brands in each category are shaded green.

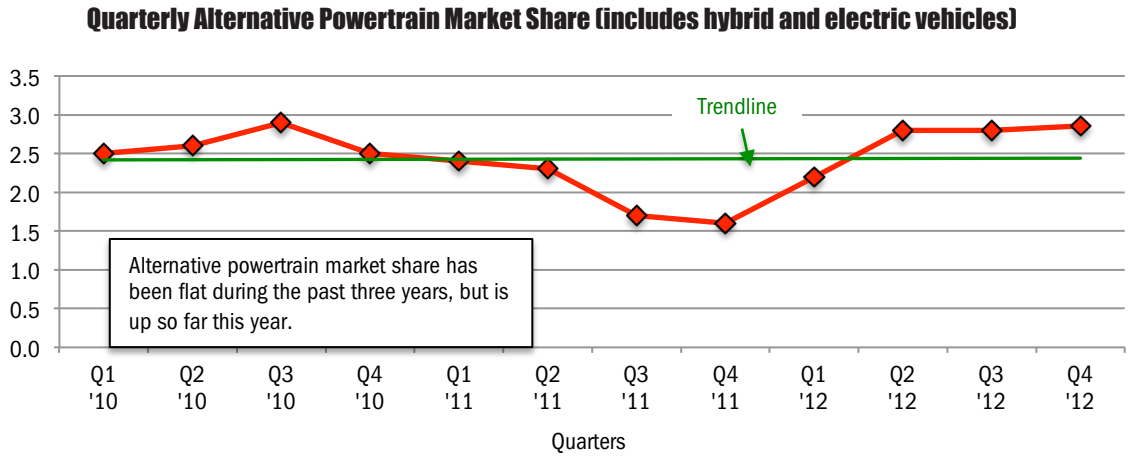
MARKET TRACKER: BRAND MARKET SHARE

Detroit Three Brands Lose Share; Europeans and Koreans Gain Share



MARKET TRACKER: HYBRID AND ELECTRIC VEHICLES

Hybrid & Electric Share Increases During 2012



Note: Fourth Quarter 2012 includes October figures only.

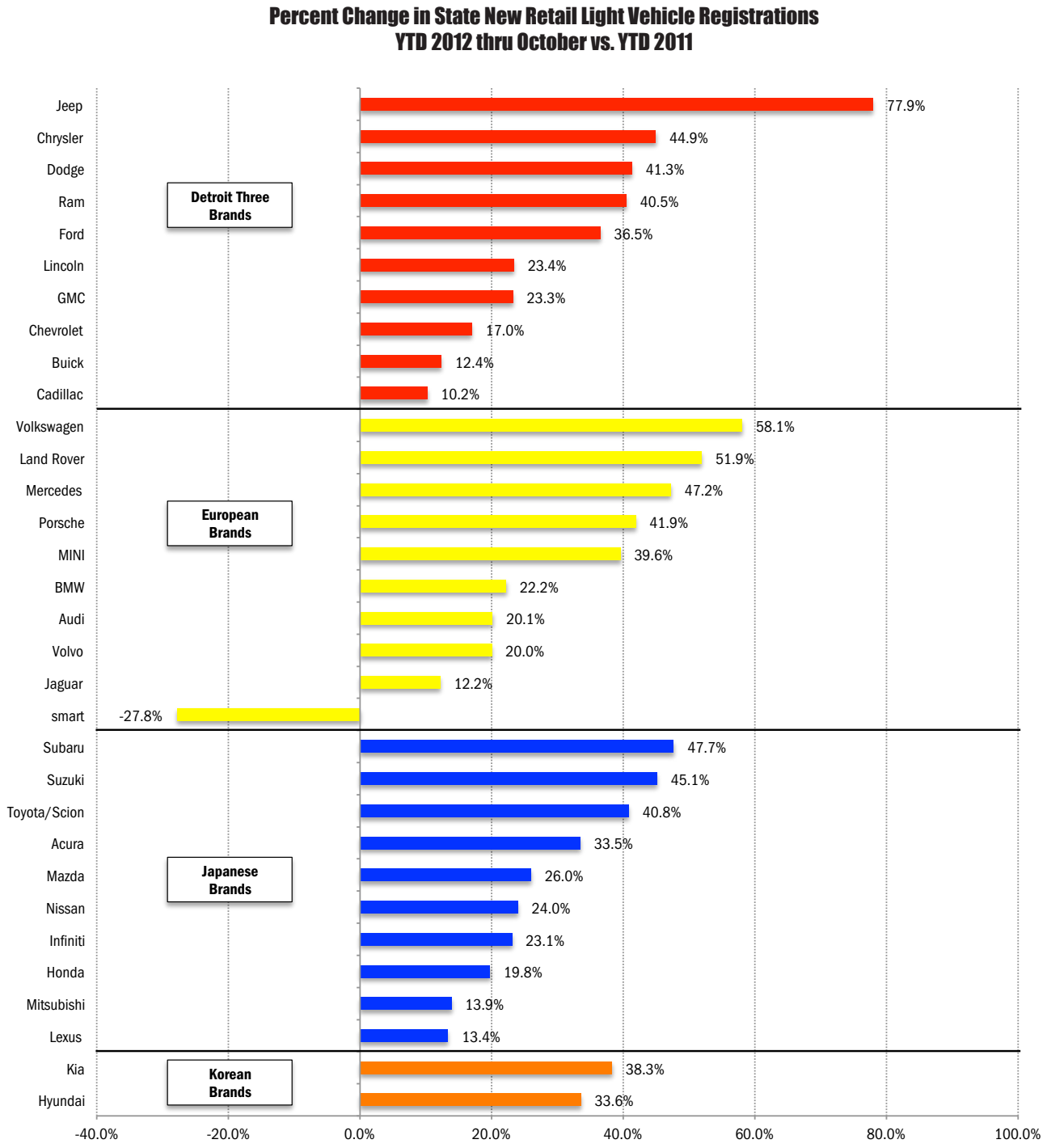
BRAND SCOREBOARD - PART ONE

Jeep, VW, and Land Rover Post Largest Gains So Far This Year

Subaru had largest percentage increase among Japanese brands

The graphs below provide a comparative evaluation of brand sales performance in the state market. It shows the year-to-date percent change in registrations for each brand, organized by category (i.e., Detroit Three, European, Japanese, and Korean).

Source: AutoCount data from Experian Automotive.



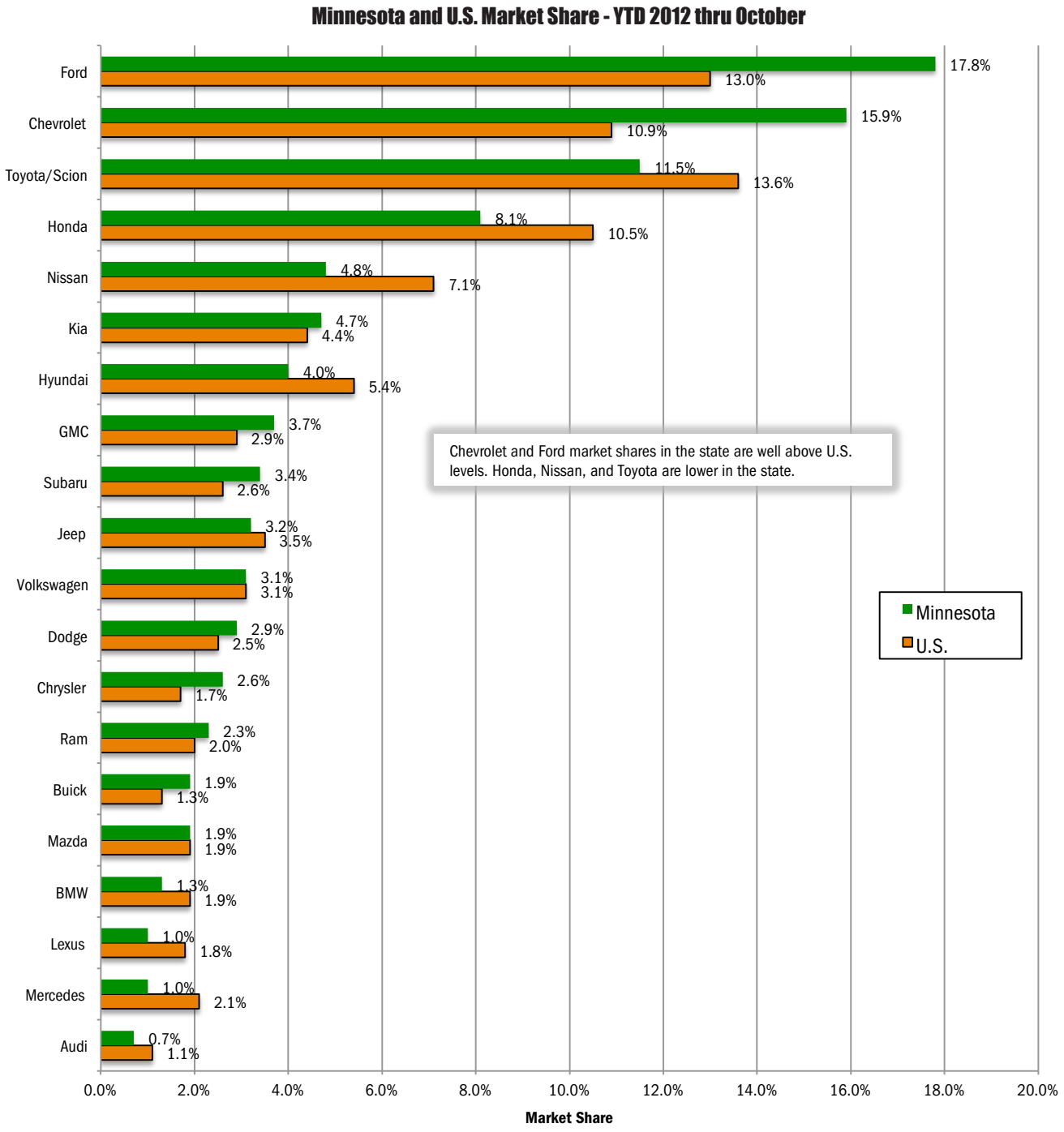
BRAND SCOREBOARD - PART TWO

Ford and Chevrolet are Market Leaders

Market share for both brands exceeds U.S. by a wide margin

The graph below provides a comparison of Minnesota and U.S. new retail market share during the first ten months of this year for the top 20 selling brands in the state. Brands are positioned on the graph from top to bottom based on state market share. Ford was the state leader, accounting for 17.8% of the market, higher than its 13.0% share in the Nation.

Source: AutoCount data from Experian Automotive.



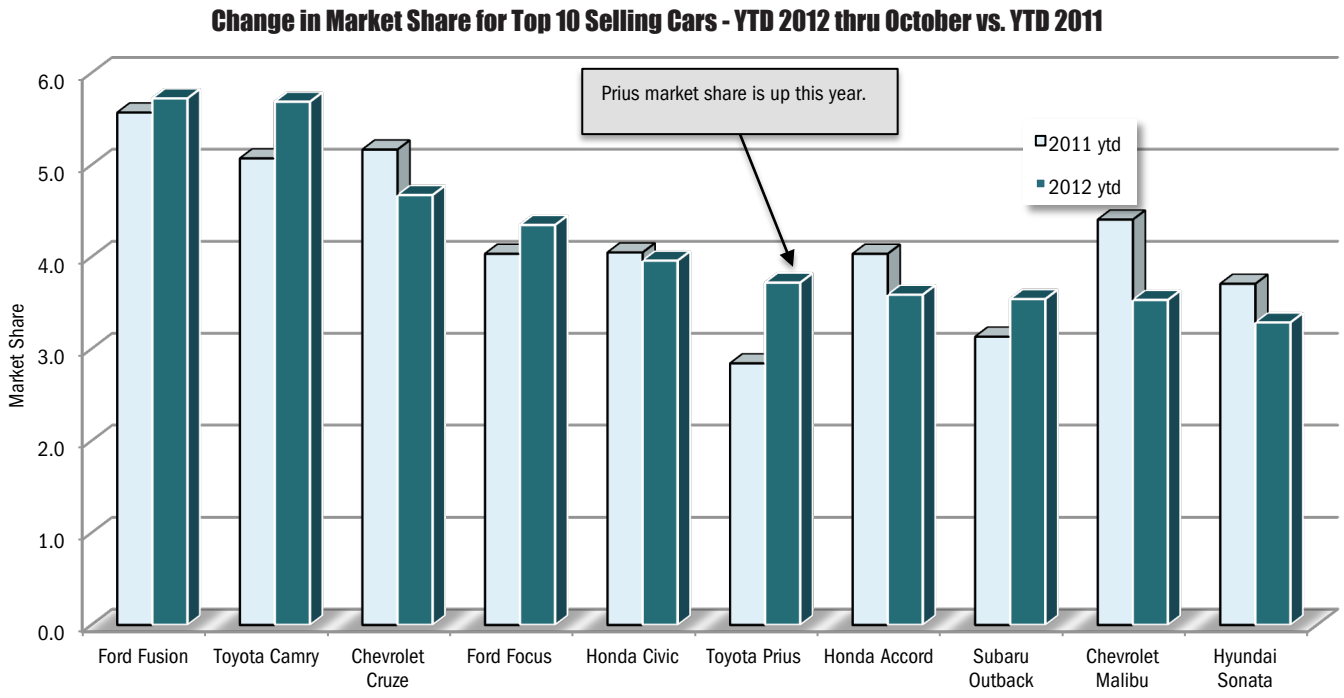
MODEL SCOREBOARD

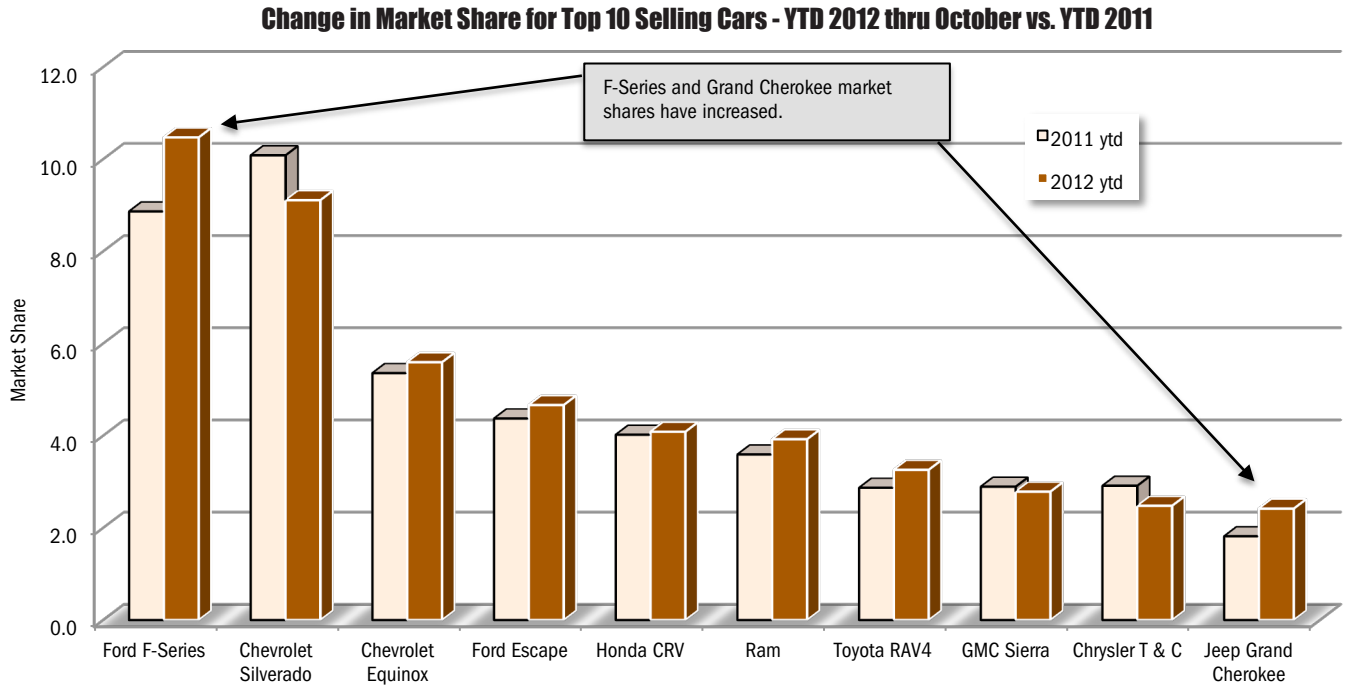
Toyota Prius Gains Market Share

F-Series and Grand Cherokee are also up

The two graphs below show market shares in the state car and light truck markets during the first ten months of 2011 and 2012, and include the top ten selling models for cars and light trucks.

Source: AutoCount data from Experian Automotive.





SEGMENT

Compact SUV Market Share Increases

Standard Mid Size Car segment is most popular

The table below shows Minnesota market share for 20 vehicle segments during the first ten months of 2011 and 2012, and the change in market share over the period. The best selling model in each segment is also shown. Segments are ranked from top to bottom based on 2012 share. Most popular segment in the state is Standard Mid Size Car.

Source: AutoCount data from Experian Automotive.

Minnesota Segment Market Share Review

Segment	Market Share YTD '11 thru October	Market Share YTD '12 thru October	Change in share YTD '11 to '12	Best selling model in segment
Standard Mid Size Car	15.8	16.6	0.8	Ford Fusion
Compact SUV	14.6	15.6	1.0	Chevrolet Equinox
Full Size Pickup	15.3	15.6	0.3	Ford F-Series
Sub Compact Car	15.1	15.0	-0.1	Chevrolet Cruze
Mid Size Crossover SUV	6.3	6.6	0.3	Ford Edge
Mini Van	5.1	4.5	-0.6	Chrysler Town & Country
Full Size Crossover SUV	4.5	4.0	-0.5	Ford Explorer
Entry Car	3.5	3.7	0.2	Kia Soul
Mid Size SUV	3.0	3.5	0.5	Jeep Grand Cherokee
Large Mid Size Car	3.6	2.9	-0.7	Chevrolet Impala
Near Luxury Car	2.7	2.4	-0.3	BMW 3-Series
Mid Size Luxury SUV	2.3	2.1	-0.2	Lexus RX
Full Size SUV	2.0	1.7	-0.3	Chevrolet Suburban
Compact Pickup	1.7	1.5	-0.2	Ford Ranger
Luxury Car	1.4	1.2	-0.2	BMW 5-Series
Sport Compact Car	1.0	1.1	0.1	Chevrolet Camaro
Compact Luxury SUV	0.7	0.8	0.1	BMW X3
Full Size Luxury SUV	0.6	0.6	0.0	Cadillac Escalade
Full Size Van	0.5	0.5	0.0	Ford Transit Connect
Sports Car	0.2	0.2	0.0	Chevrolet Corvette

MINNESOTA MARKET VERSUS U.S.

Increase in State Market Exceeds U.S.

Detroit Three market share in state nearly 12 points higher than in Nation

The accompanying table provides a comparison of results in both the Minnesota and U.S. markets. New vehicle registrations in the state improved a reported 31.1% during the first ten months of 2012 versus a year earlier, while the U.S. market increased 13.3%. (Note: delayed title processing in the summer of 2011 contributed to the big percentage gain in Minnesota.) Car market share in Minnesota was 8.5 share points lower than in the Nation. Detroit Three market share in Minnesota was 51.5%, down slightly from 2011, but well above the 39.6% share in the Nation.

Source: AutoCount data from Experian Automotive.

	Minnesota Market		U.S. Market	
Market Growth % change in registrations YTD 2012 thru October vs. YTD 2011	31.1%		13.3%	
Car Market Share Car share of industry retail light vehicle registrations - YTD 2012 thru October	43.0%		51.5%	
Detroit Three Brand Market Share Domestic brand share of industry retail light vehicle registrations - YTD 2012 thru October	51.5%		39.6%	
Top Selling Retail Brands *Top selling light vehicle brands and market share - YTD 2012 thru October*				
First	Ford	17.8%	Toyota/Scion	13.6%
Second	Chevrolet	15.9%	Ford	13.0%
Third	Toyota/Scion	11.5%	Chevrolet	10.9%
Fourth	Honda	8.1%	Honda	10.5%
Fifth	Nissan	4.8%	Nissan	7.1%
Sixth	Kia	4.7%	Hyundai	5.4%
Seventh	Hyundai	4.0%	Kia	4.4%
Eighth	GMC	3.7%	Jeep	3.5%
Ninth	Subaru	3.4%	Volkswagen	3.1%
Tenth	Jeep	3.2%	GMC	2.9%

RECENT RESULTS IN MINNESOTA USED VEHICLE MARKET

Minnesota Used Vehicle Market Heads Slightly Lower

Tight supplies and higher prices continue to put a damper on sales

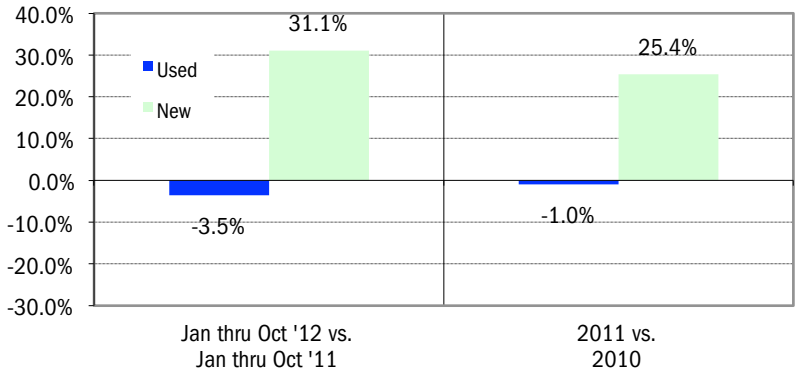
Below is a list of key trends in the state used vehicle market:

- Retail used registrations declined 3.5% during the first ten months of this year versus 2011, much weaker than the 31.1% increase for new vehicles.
- As shown on the graph below, the Minnesota new vehicle market has posted larger percentage gains during the past couple of years. The new vehicle market posted double digit percentage increases during the past two years, while the used market declined slightly.
- Stronger new vehicle sales in recent years has led to market share gains for two year old or newer vehicles.
- Used light truck registrations increased slightly, while cars were off 8%.
- Korean brand registrations improved 7.1%, while the Detroit Three, Japanese, and European brands declined.
- Chevrolet Impala was the best-selling model in the state for five year old or newer vehicles.

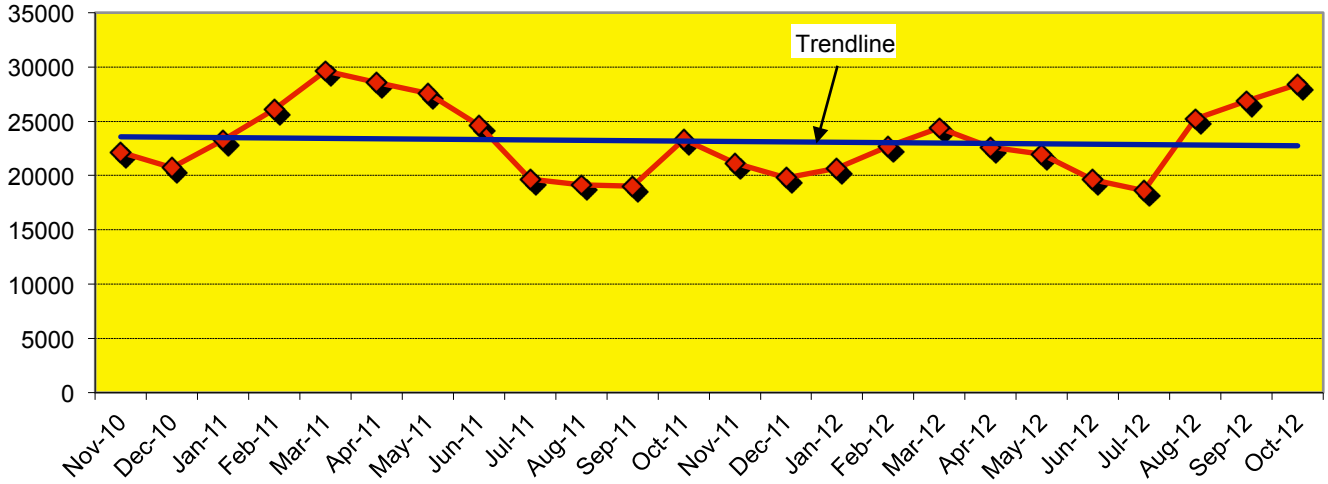
MINNESOTA RETAIL USED LIGHT VEHICLE REGISTRATIONS YTD THRU OCTOBER

	Registrations		% Change	Market Share	
	2011	2012	'11 TO '12	2011	2012
TOTAL	219,952	212,359	-3.5%		
Cars	118,918	109,389	-8.0%	54.1%	51.5%
Light Trucks	101,034	102,970	1.9%	45.9%	48.5%
Detroit Three	159,779	152,515	-4.5%	72.6%	71.8%
Japanese	43,553	42,949	-1.4%	19.8%	20.2%
European	12,067	12,020	-0.4%	5.5%	5.7%
Korean	4,553	4,875	7.1%	2.1%	2.3%

% Change in Retail New and Used Vehicle Markets



MINNESOTA RETAIL USED VEHICLE REGISTRATIONS-THREE MONTH MOVING AVERAGE (NOVEMBER '10 THRU OCTOBER '12)



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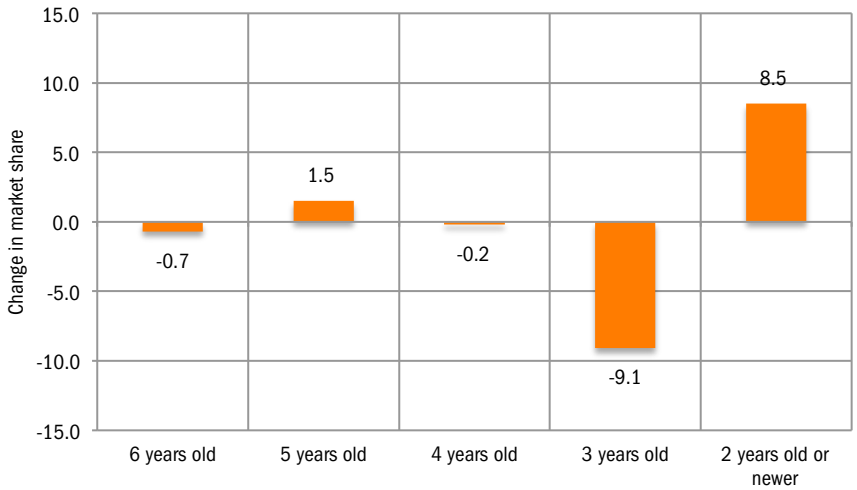
USED VEHICLE SALES BY AGE

Two-Year-Old Vehicle Sales Head Higher

Three year old market share declines

As highlighted on the graph below, the Minnesota used vehicle market has undergone some significant changes during the past year. Depressed new vehicle sales in 2009 and rising sales since then have resulted in a shortage of three-year-old vehicles and better supplies for two-year-old or newer vehicles. Three-year-old market share has fallen 9.1 points so far this year, while two-year-old or newer share has risen 8.5 points. Source: AutoCount data from Experian Automotive.

Change in Market Share by Vehicle Age (vehicles six years old or newer)
YTD 2012 thru October vs. YTD 2011



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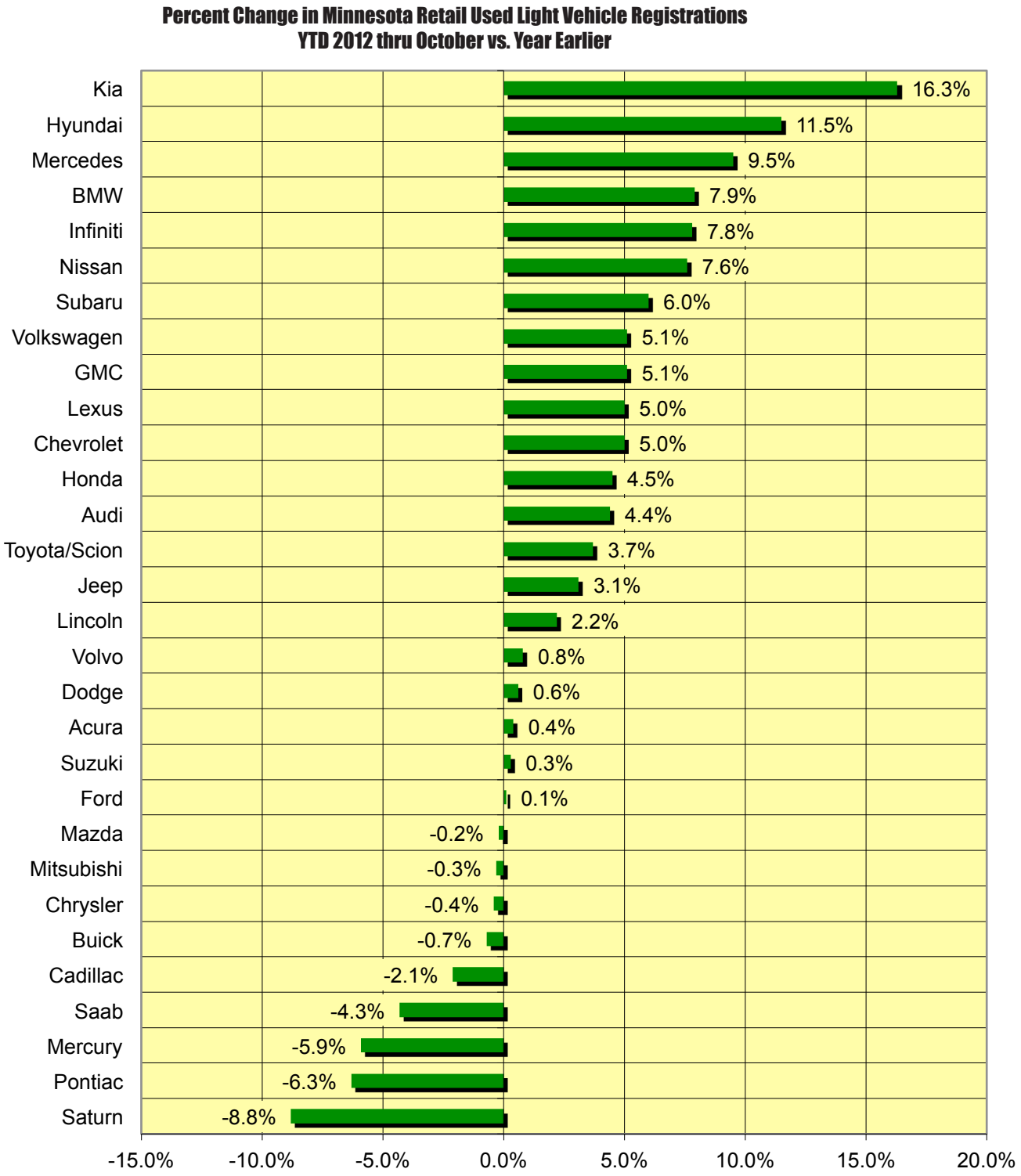
BRAND SCOREBOARD

Kia Posts Largest Percentage Gain

Most brands post increases

The graph below shows the percent change in retail used light vehicle registrations during the first ten months of 2012 versus the same period a year earlier for the top 30 selling brands in the state. Kia had the largest increase, up 16.3%.

Source: AutoCount data from Experian Automotive.

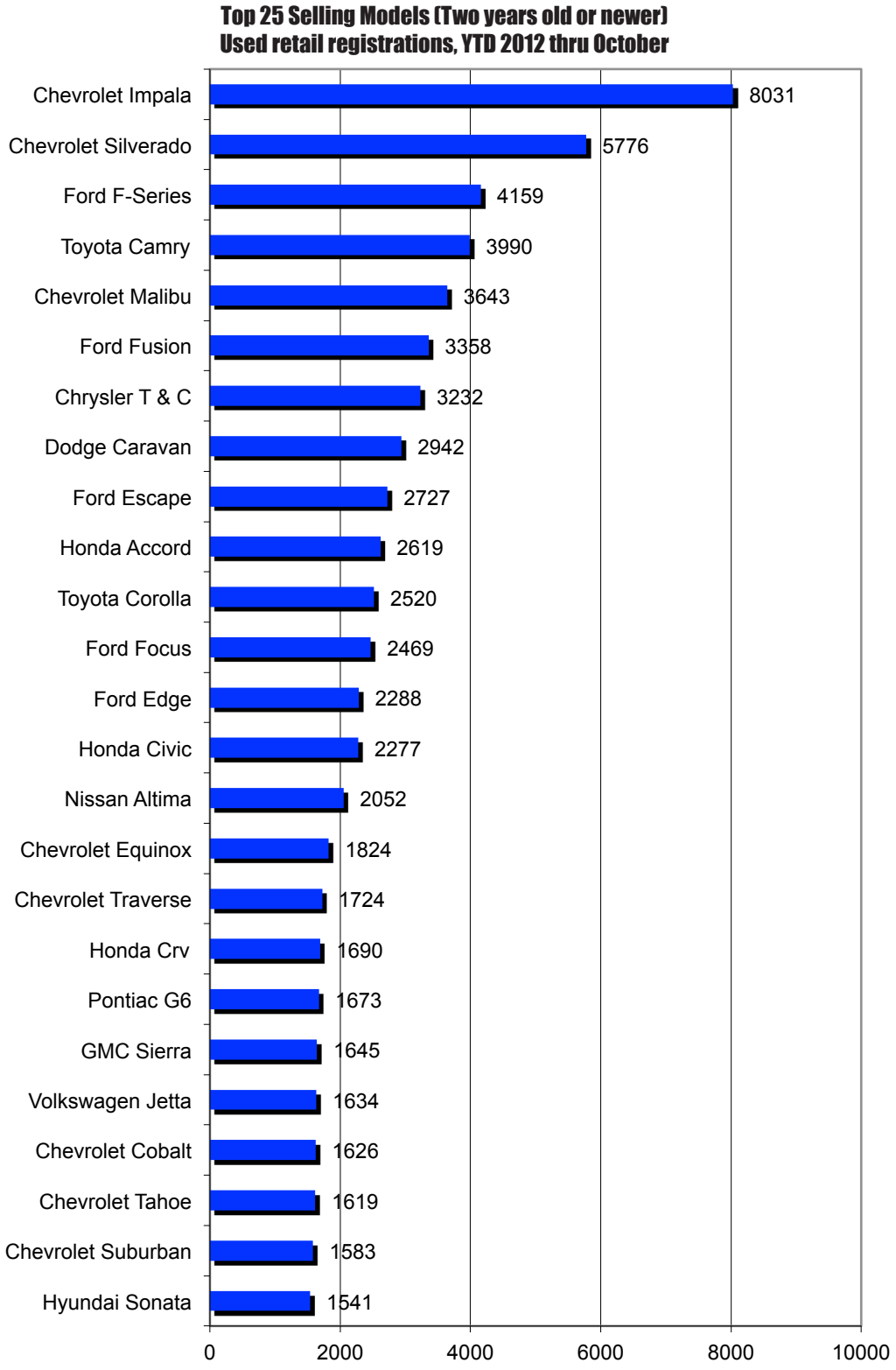


TOP SELLING MODELS

Impala Tops the Used Vehicle Sales Chart

Silverado, F-Series, and Camry also ranked high

The graph below shows top selling models for vehicles five years old or newer.
Source: AutoCount data from Experian Automotive.



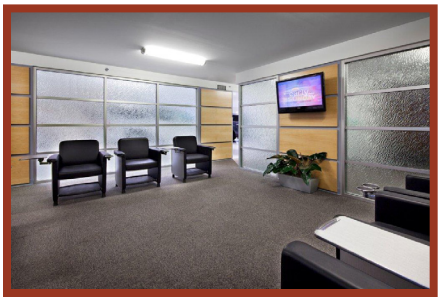
DEALERSHIP SHOWCASE

VILLAGE CHEVROLET

Village Chevrolet has a rich history in the local community and automotive industry. The Bloomer family purchased Wayzata Chevrolet in 1950, which was located west of the Wayzata Bay Center. That is where it all began. When the dealership was renamed Village Chevrolet Company in the late 1950s it was moved to where the current-day Wayzata Auto Center Collision Repair building is located off of Hwy 15.

The Village Chevrolet Company grew and by the 1980s, Village Automotive Group was created with the addition of two more franchises. When Village Chevrolet moved to the current location it was a state-of-the-art building at the time, but Chevrolet rolled out the new Brand Image Program at a national level in 2011 and began requesting renovations of Chevrolet dealerships across the nation.

Village Chevrolet quickly moved forward with their new plans to update the brand image at the dealership and be in compliance with the National Chevrolet Brand Image Program. Construction started in May 2011 and was completed by November 2011.



Village Chevrolet's upgrade included a new waiting room and delivery area which were specifically designed with the customer in mind. The new areas are more comfortable and convenient for their guests. The style throughout the building is very contemporary with large artistic images of the Classic and New Chevy models, large plantings in vibrant blue planters and new technology, including computers at every customer station so the Sales Associate can have a more interactive conversation with guests.

Village Chevrolet is very proud of the new renovations. In keeping with a tradition of involvement with the local community, the first dealership events supported local community programs. In the spring, Village invited the Wayzata/Plymouth Youth Baseball Association to the dealership for a fundraiser event and served hot dogs & apple pies. Village also raffled off prizes, including an iPad, to raise money for the association.

Village Chevrolet also recently hosted the Wayzata Youth Hockey Association for a similar event. Both events were well attended and guests were complimentary about the dealership's new look and upgrades.

2013 will be another exciting year for Village Chevrolet as they continue to promote and sell the new Chevrolet vehicles and host more events, including a Classic Car Show and the Corvette Show. Visit villagechev.com today to see all of the amazing things happening at Village Chevrolet.

COMMENTARY

by James Green
VP Sales, Visible Customer

What Can We Learn From This Election?

Breaking down and analyzing your data on a daily basis can be the most cost efficient and effective means to drive more business to your dealership.

So what did we learn from this past presidential election? And no, this is not an article about whose politics best suit the needs of our country. This article is about how Team Obama got their candidate re-elected when everything should have pointed to a Romney victory.

Although both candidates spent hundreds of millions of dollars on "traditional" types of media, it was the Obama campaign that really took its marketing to a new level...all based on using the database of voters they had compiled during the 2008 election. Team Obama realized the most efficient way to "get the vote out" was to analyze those people who voted for them in 2008, model their behaviors and contact them through a variety of cost-effective mediums and constantly measure the results. Just take a look at this quote from an Obama senior adviser:

"We could [predict] people who were going to give online. We could model people who were going to give through mail. We could model volunteers. In the end, modeling became something way bigger for us in '12 than in '08 because it made our time more efficient."

It not only made them more efficient, IT WORKED!!! The results speak for themselves. The Obama team knew they were sitting on a gold mine of intelligence and opportunities if they used it correctly. Early on in the campaign they used their data for fund raising (over $1 billion raised) and then repurposed the data to turn out votes.

Can you begin to see the parallels of using your data to drive more sales, service and retain more of your customers? I can hear many of you saying, "I have been mining my own database for years," but have you really? Simply cleansing or de-duplicating your data to produce the occasional "Lost Souls" or "In-Market" direct mail or email campaign might drive a few sales every few months, but that's not what we are talking about here. This conversation is centered on whether or not you have a strategy that connects the most relevant message with the most relevant customer.

Breaking down and analyzing your data on a daily basis can be the most cost efficient and effective means to drive more business to your dealership. Certainly it takes time and effort to routinely connect with your customers. Utilizing data-driven decisionmaking services and tools can produce overwhelming results for your dealership. If you need any more proof, look no further than what great data mining and analysis did this past election!

James Green is the Vice President of Sales for Visible Customer, an MADA Services Company. For more information, contact James at 612.254.2047 or www.visiblecustomer.com

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